ORIGINAL

DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF

CONSERVATION DISTRICT NUMBER ONE.

APPROVALS ASSOCIATED WITH A TRANSACTION WITH THE MARICOPA

COUNTY MUNICIPAL WATER

ARIZONA-AMERICAN WATER COMPANY FOR



BEFORE THE ARE ONA CORPORATION COMMISSION

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27 28 JEFF HATCH-MILLER, Chairman WILLIAM A MINIDER, Arizona Corporation Commission DOCKETED WILLIAM A. MUNDELL CORP COMMISSION

JUL 1 3 2006

DOCKETED BY OCKET NO. W-01303A-05-0718

PROCEDURAL ORDER

BY THE COMMISSION:

COMMISSIONERS

MARC SPITZER MIKE GLEASON

KRISTIN K. MAYES

On October 11, 2005, Arizona-American Water Company ("Company") filed with the Arizona Corporation Commission ("Commission") the above-captioned application.

On March 2, 2006, the pre-hearing conference was convened as scheduled to discuss the conduct of the hearing scheduled to commence on March 7, 2006. The Company, the Residential Utility Consumer Office ("RUCO"), and the Commission's Utilities Division Staff ("Staff") entered appearances through counsel.

At the pre-hearing conference, the Company requested that the procedural schedule in this matter be suspended. The Company stated that the transaction with the Maricopa County Water Conservation District Number One ("MCWDC One"), which underlies the Company's application, had not yet been finalized. In conjunction with its request to suspend the procedural schedule, the Company proposed to file a report on the status of the application by April 3, 2006 and a proposal regarding the continuation of the hearing in this proceeding. The parties did not object to the Company's request and proposal.

On March 2, 2006, a Procedural Order was issued continuing the hearing pending the issuance of a subsequent procedural order. The Procedural Order also ordered the Company to file, by April 3, 2006, a proposal regarding the continuation of the hearing in this proceeding, and a report updating the Commission on the status of the transaction that is the subject of the relief requested in the application.

On April 3, 2006, the Company filed a report on the status of the White Tanks project. The Company's filing stated that negotiations with MCWDC One appeared to be at an impasse, but that the Company was exploring other options to provide treatment of its Central Arizona Project ("CAP") allocations. The Company further stated that regardless of the option the Company pursues, it expects to request a moderate adjustment to hook-up fees, and that it believes this docket is the appropriate docket for presentation of evidence in support of such a request.

The Company filed a second report on the status of the White Tanks project on April 21, 2006, and filed a third report on June 3, 2006.

On July 5, 2006, the Company filed its White Tanks Report for June 2006. Also on that date, the Company filed a Request for a Procedural Conference. The Company states that it wishes to brief the parties concerning the Company's plans and to discuss the appropriate procedure going forward in this docket. The Company's request is reasonable.

IT IS THEREFORE ORDERED that a **Procedural Conference** in the above-captioned matter shall be held on **August 1, 2006** at **2:00 p.m.**, or as soon thereafter as is practical, at the Commission's offices, 1200 West Washington, Phoenix, Arizona 85007, for the purpose of allowing the parties to discuss the appropriate procedural disposition of this docket.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 13 day of July, 2006

TEENA WOLFE

ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed this 3 day of July, 2006 to:

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